

**DOAA**Georgia Department
of Audits & Accounts

Tax Incentive Evaluations

O.C.G.A. § 28-5-41.1 (Senate Bill 6) provides for economic evaluations of tax benefits, such as credits, deductions, and exemptions. The chairpersons of the House Ways and Means Committee and Senate Finance Committee may each request up to five evaluations annually.

The evaluation requests are submitted to the Department of Audits and Accounts, which has contracted with three universities to conduct the evaluations. DOAA creates a one-page summary for each report (see the next page for an overview of the summary).

List of Completed Tax Incentive Evaluations

Tax Incentives for Businesses

[Computer Equipment Sales Tax Exemption](#)
[High-Tech Data Center Sales Tax Exemption](#)
[Historic Rehabilitation Tax Credit](#)
[Interactive Entertainment Tax Credit](#)
[Job Tax Credit](#)
[Low-Income Housing Tax Credit](#)
[Manufacturing Sales Tax Exemption](#)
[Research And Development Tax Credit](#)

Tax Incentives for Individuals

[Grocery Sales Tax Exemption](#)
[Prescription Drug Sales Tax Exemption](#)
[Retirement Income Exclusion](#)

*Additional information on the tax incentive evaluations is available at:
<https://www.audits2.ga.gov/tax-incentive-evaluations>*

Tax Incentive Evaluation: What's Found in a One-Page Report Summary

DOAA prepares each one-page summary based on the contractor's report

BACKGROUND

The background summarizes the incentive's major provisions, which include the amount or rate of the incentive, as well as the tax type(s) affected. For example, the disaster assistance credit provides an income tax credit of up to \$500 for taxpayers receiving federal or state disaster assistance. This section may also note the year the incentive was created and the purpose of the incentive, if available.

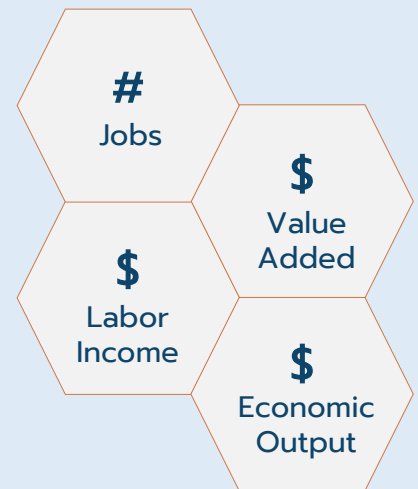
The second paragraph cites the Committee requesting the evaluation (Senate Finance or House Ways and Means), as well as the contractor that prepared the report.

ECONOMIC ACTIVITY

Economic activity describes the impact of the incentive on the state's economy across four areas: jobs, labor income, value added, and economic output. The impact numbers generally include direct, indirect, and induced effects. For example, the number of jobs created would include jobs at the company using the incentive, jobs at that company's in-state suppliers, and jobs at businesses where company and supplier employees spend their money (e.g., restaurants).

The contractor will generally determine the portion of economic activity that would have occurred without the incentive. This section (and the numbers to the right) describes the impact amounts attributable to the incentive.

This section also includes a discussion of the incentive's opportunity cost, which is the economic activity that would have occurred if the state had collected and spent the taxes that were forgone due to the incentive.



Note: These numbers include the economic activity attributable to the tax incentive.

REVENUE

This section summarizes the incentive's impact on revenue collected, including forgone state revenue and any new revenue generated by the economic activity resulting from the incentive. Revenue generated typically includes both state and local taxes.

This section also includes revenue generated by the alternate use if the state had collected and spent the forgone taxes.



COST

The cost includes amounts spent on incentive administration. Because agencies may administer multiple incentives, individual amounts may be negligible. For example, eliminating a single sales tax exemption may not significantly impact the Department of Revenue due to the other tax provisions still in place.

PUBLIC BENEFIT

While many incentives are intended to spur economic activity, some have public benefits not captured by economic impact. For example, the prescription sales tax exemption helps make healthcare more affordable.